



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2013 REGULAR SESSION

SENATE BILL NO. 107

WEDNESDAY, FEBRUARY 27, 2013

The following bill was reported to the House from the Senate and ordered to be printed.

RECEIVED AND FILED
DATE March 22, 2013
3:21pm

AISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

1 AN ACT relating to pharmacy benefit managers.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF SUBTITLE 17A OF KRS CHAPTER 304
4 IS CREATED TO READ AS FOLLOWS:

5 *As used in Sections 1 and 2 of this Act, unless the context requires otherwise:*

6 *(1) "Contracted pharmacy" or "pharmacy" means a pharmacy located in Kentucky*
7 *participating in the network of a pharmacy benefit manager through a direct*
8 *contract or through a contract with a pharmacy services administration*
9 *organization or group purchasing organization;*

10 *(2) "Drug product reimbursement" means the amount paid by a pharmacy benefit*
11 *manager to a contracted pharmacy for the cost of the drug dispensed to a patient*
12 *and does not include a dispensing or professional fee; and*

13 *(3) "Pharmacy benefit manager" means an entity that contracts with pharmacies on*
14 *behalf of a health benefit plan, state agency, insurer, managed care organization,*
15 *or other third-party payor to provide pharmacy health benefit services or*
16 *administration.*


17 ➔SECTION 2. A NEW SECTION OF SUBTITLE 17A OF KRS CHAPTER 304
18 IS CREATED TO READ AS FOLLOWS:

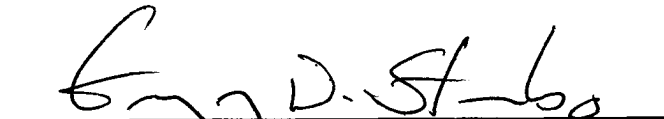
19 *(1) All contracts between a pharmacy benefit manager and a contracted pharmacy*
20 *shall include:*

21 *(a) The sources used by the pharmacy benefit manager to calculate the drug*
22 *product reimbursement paid for covered drugs available under the*
23 *pharmacy health benefit plan administered by the pharmacy benefit*
24 *manager;*

25 *(b) A process to appeal, investigate, and resolve disputes regarding the*
26 *maximum allowable cost pricing. The process shall include the following*
27 *provisions:*

- 1 1. The right to appeal shall be limited to sixty (60) days following the
- 2 initial claim;
- 3 2. The appeal shall be investigated and resolved within ten (10) days;
- 4 3. If the appeal is denied, the pharmacy benefit manager shall provide
- 5 the reason for the denial and identify the national drug code of a drug
- 6 product that may be purchased by contracted pharmacies at a price at
- 7 or below the maximum allowable cost; and
- 8 (c) Within one (1) year from the effective date of this Act, a process to provide
- 9 for retroactive reimbursements.
- 10 (2) For every drug for which the pharmacy benefit manager establishes a maximum
- 11 allowable cost to determine the drug product reimbursement the pharmacy
- 12 benefit manager shall:
- 13 (a) Include in the contract with the pharmacy information identifying the
- 14 national drug pricing compendia or sources used to obtain the drug price
- 15 data;
- 16 (b) Make available to a contracted pharmacy the drugs subject to maximum
- 17 allowable cost and the actual maximum allowable cost for each drug;
- 18 (c) Review and make necessary adjustments to the maximum allowable cost for
- 19 every drug at least every fourteen (14) days; and
- 20 (d) Make available to a contracted pharmacy weekly updates to the list of drugs
- 21 subject to maximum allowable cost and the actual maximum allowable cost
- 22 for each drug.


President of Senate


Speaker-House of Representatives

Attest: 
Chief Clerk of Senate

Approved 
Governor

Date 3-22-13